

Form **990**
 Department of the Treasury
 Internal Revenue Service

Return of Organization Exempt From Income Tax
 Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

▶ The organization may have to use a copy of this return to satisfy state reporting requirements

OMB No 1545-0047
2005
Open to Public Inspection

A For the 2005 calendar year, or tax year beginning 06-01-2005 and ending 05-31-2006

- B** Check if applicable:
 Address change
 Name change
 Initial return
 Final return
 Amended return
 Application pending

C Name of organization
 HITS Theatre

Number and street (or P O box if mail is not delivered to street address) Room/suite
 311 West 18th

City or town, state or country, and ZIP + 4
 Houston, TX 77008

D Employer identification number
 74-2118224

E Telephone number
 (713) 861-7408

F Accounting method Cash Accrual
 Other (specify) ▶

◆ **Section 501(c)(3) organizations and 4947(a)(1) nonexempt charitable trusts must attach a completed Schedule A (Form 990 or 990-EZ).**

G Web site: ▶ www.hits-theatre.org

J Organization type (check only one) 501(c)(3) (insert no) 4947(a)(1) or 527

K Check here if the organization's gross receipts are normally not more than \$25,000. The organization need not file a return with the IRS, but if the organization received a Form 990 Package in the mail, it should file a return without financial data. **Some states require a complete return.**

L Gross receipts Add lines 6b, 8b, 9b, and 10b to line 12 ▶ 485,728

- H and I are not applicable to section 527 organizations**
- H(a)** Is this a group return for affiliates? Yes No
- H(b)** If "Yes" enter number of affiliates ▶ _____
- H(c)** Are all affiliates included? Yes No
 (If "No," attach a list. See instructions.)
- H(d)** Is this a separate return filed by an organization covered by a group ruling? Yes No
- I** Group Exemption Number ▶ _____
- M** Check if the organization is **not** required to attach Sch. B (Form 990, 990-EZ, or 990-PF)

Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances (See the instructions.)

Revenue	1	Contributions, gifts, grants, and similar amounts received			
	a	Direct public support	1a	278,854	
	b	Indirect public support	1b		
	c	Government contributions (grants)	1c		
	d	Total (add lines 1a through 1c) (cash \$ 278,854 noncash \$ _____)		1d	278,854
	2	Program service revenue including government fees and contracts (from Part VII, line 93)		2	206,874
	3	Membership dues and assessments		3	
	4	Interest on savings and temporary cash investments		4	
	5	Dividends and interest from securities		5	
	6a	Gross rents	6a		
	b	Less rental expenses	6b		
	c	Net rental income or (loss) (subtract line 6b from line 6a)		6c	
7	Other investment income (describe ▶)		7		
8a	Gross amount from sales of assets other than inventory	(A) Securities		(B) Other	
		8a			
		8b			
c	Gain or (loss) (attach schedule)	8c			
d	Net gain or (loss) (combine line 8c, columns (A) and (B))		8d		
9	Special events and activities (attach schedule) If any amount is from gaming, check here <input type="checkbox"/>	a	Gross revenue (not including \$ _____ of contributions reported on line 1a)	9a	
		b	Less direct expenses other than fundraising expenses	9b	
		c	Net income or (loss) from special events (subtract line 9b from line 9a)	9c	
10a	Gross sales of inventory, less returns and allowances	10a			
		b	Less cost of goods sold	10b	
		c	Gross profit or (loss) from sales of inventory (attach schedule) (subtract line 10b from line 10a)	10c	
11	Other revenue (from Part VII, line 103)		11		
12	Total revenue (add lines 1d, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11)		12	485,728	
Expenses	13	Program services (from line 44, column (B))		13	322,891
	14	Management and general (from line 44, column (C))		14	100,671
	15	Fundraising (from line 44, column (D))		15	3,985
	16	Payments to affiliates (attach schedule)		16	
	17	Total expenses (add lines 16 and 44, column (A))		17	427,547
Net Assets	18	Excess or (deficit) for the year (subtract line 17 from line 12)		18	58,181
	19	Net assets or fund balances at beginning of year (from line 73, column (A))		19	114,688
	20	Other changes in net assets or fund balances (attach explanation)		20	0
	21	Net assets or fund balances at end of year (combine lines 18, 19, and 20)		21	172,869

Part II Statement of Functional Expenses

All organizations must complete column (A) Columns (B), (C), and (D) are required for section 501(c)(3) and (4) organizations and section 4947(a)(1) nonexempt charitable trusts but optional for others (See the instructions)

<i>Do not include amounts reported on line 6b, 8b, 9b, 10b, or 16 of Part I.</i>		(A) Total	(B) Program services	(C) Management and general	(D) Fundraising	
22	Grants and allocations (attach schedule) (cash \$ _____ noncash \$ _____) If this amount includes foreign grants, check here <input type="checkbox"/>	22				
23	Specific assistance to individuals (attach schedule)	23				
24	Benefits paid to or for members (attach schedule)	24				
25	Compensation of officers, directors, etc	25	47,500	25,650	21,850	
26	Other salaries and wages	26	112,833	85,922	26,911	
27	Pension plan contributions	27				
28	Other employee benefits	28				
29	Payroll taxes	29	16,015	12,285	3,730	
30	Professional fundraising fees	30				
31	Accounting fees	31	2,965		2,965	
32	Legal fees	32				
33	Supplies	33	4,617	3,786	831	
34	Telephone	34	15,095	12,378	2,717	
35	Postage and shipping	35	4,128	3,385	743	
36	Occupancy	36	7,922	6,496	1,426	
37	Equipment rental and maintenance	37	1,074	881	193	
38	Printing and publications	38	4,360	3,575	785	
39	Travel	39				
40	Conferences, conventions, and meetings	40				
41	Interest	41	16,320		16,320	
42	Depreciation, depletion, etc (attach schedule) <input checked="" type="checkbox"/>	42	7,335	6,015	1,320	
43	Other expenses not covered above (itemize)					
a	See Additional Data Table	43a				
b		43b				
c		43c				
d		43d				
e		43e				
f		43f				
g		43g				
44	Total functional expenses. Add lines 22 through 43 (Organizations completing columns (B)-(D), carry these totals to lines 13-15)	44	427,547	322,891	100,671	3,985

Joint Costs. Check if you are following SOP 98-2

Are any joint costs from a combined educational campaign and fundraising solicitation reported in (B) Program services? Yes No

If "Yes," enter (i) the aggregate amount of these joint costs \$ _____, (ii) the amount allocated to Program services \$ _____, (iii) the amount allocated to Management and general \$ _____, and (iv) the amount allocated to Fundraising \$ _____



Part III Statement of Program Service Accomplishments (See the instructions.)

Form 990 is available for public inspection and, for some people, serves as the primary or sole source of information about a particular organization. How the public perceives an organization in such cases may be determined by the information presented on its return. Therefore, please make sure the return is complete and accurate and fully describes, in Part III, the organization's programs and accomplishments.

What is the organization's primary exempt purpose? ▶ EDUCATIONAL, CULTURAL, & CIVIC DEVELOPMENT OF PROFESSIONAL-LEVEL THEATRE TRAINING SCHOOL FOR CHILDREN, ENRICH LIVES & DEVELOP TALENTS OF THOSE WH PARTICIPATE, TO ENHANCE THE CULTURAL CLIMATE FOR CHILDREN IN HOUSTON, & TO PROVIDE PROFESSIONAL-LEVEL TRAINING All organizations must describe their exempt purpose achievements in a clear and concise manner. State the number of clients served, publications issued, etc. Discuss achievements that are not measurable. (Section 501(c)(3) and (4) organizations and 4947(a)(1) nonexempt charitable trusts must also enter the amount of grants and allocations to others.)	Program Service Expenses (Required for 501(c)(3) and (4) orgs, and 4947(a)(1) trusts, but optional for others.)
a OVER 370 STUDENTS WERE SERVED, OF WHOM 20% RECEIVED SCHOLARSHIPS. THERE WERE 15 PRODUCTION CLASSES & 1 CLASS WITHOUT A PRODUCTION. THERE WERE 23 PERFORMANCES BY THE STUDENTS. (Grants and allocations \$) If this amount includes foreign grants, check here <input type="checkbox"/>	109,183
b OVER 20,000 AUDIENCE MEMBERS ATTENDED FREE PRODUCTIONS OF THE KING & I INVOLVING 80 CAST MEMBERS, 25 PROFESSIONAL MUSICIANS AS WELL AS 10 OTHER THEATRE PROFESSIONALS. (Grants and allocations \$) If this amount includes foreign grants, check here <input type="checkbox"/>	213,708
c _____ _____ (Grants and allocations \$) If this amount includes foreign grants, check here <input type="checkbox"/>	
d _____ _____ (Grants and allocations \$) If this amount includes foreign grants, check here <input type="checkbox"/>	
e Other program services (attach schedule) (Grants and allocations \$) If this amount includes foreign grants, check here <input type="checkbox"/>	
f Total of Program Service Expenses (should equal line 44, column (B), Program services) <input type="checkbox"/>	322,891

Part IV Balance Sheets (See the instructions.)

Note: Where required, attached schedules and amounts within the description column should be for end-of-year amounts only.

		(A) Beginning of year		(B) End of year
Assets	45 Cash—non-interest-bearing	235,600	45	216,601
	46 Savings and temporary cash investments		46	
	47a Accounts receivable	47a 3,032		
	b Less allowance for doubtful accounts	47b	4,375	47c 3,032
	48a Pledges receivable	48a		
	b Less allowance for doubtful accounts	48b		48c
	49 Grants receivable	66,565	49	20,000
	50 Receivables from officers, directors, trustees, and key employees (attach schedule)		50	
	51a Other notes and loans receivable (attach schedule)	51a		
	b Less allowance for doubtful accounts	51b		51c
	52 Inventories for sale or use		52	
	53 Prepaid expenses and deferred charges	7,135	53	2,044
	54 Investments—securities (attach schedule) <input type="checkbox"/> Cost <input type="checkbox"/> FMV		54	
	55a Investments—land, buildings, and equipment basis	55a		
	b Less accumulated depreciation (attach schedule)	55b		55c
56 Investments—other (attach schedule)		56		
57a Land, buildings, and equipment basis	57a 533,868			
b Less accumulated depreciation (attach schedule)	57b 362,332	59,155	57c  171,536	
58 Other assets (describe <input type="checkbox"/> _____)		58		
59 Total assets (must equal line 74) Add lines 45 through 58	372,830	59	413,213	
Liabilities	60 Accounts payable and accrued expenses	11,552	60	29,507
	61 Grants payable		61	
	62 Deferred revenue	40,434	62	21,919
	63 Loans from officers, directors, trustees, and key employees (attach schedule)	32,000	63 	14,500
	64a Tax-exempt bond liabilities (attach schedule)		64a	
	b Mortgages and other notes payable (attach schedule)	174,156	64b	174,418
	65 Other liabilities (describe <input type="checkbox"/> _____)		65	
66 Total liabilities Add lines 60 through 65	258,142	66	240,344	
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 67 through 69 and lines 73 and 74			
	67 Unrestricted	113,788	67	172,869
	68 Temporarily restricted	900	68	
	69 Permanently restricted		69	
	Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 70 through 74			
	70 Capital stock, trust principal, or current funds		70	
	71 Paid-in or capital surplus, or land, building, and equipment fund		71	
	72 Retained earnings, endowment, accumulated income, or other funds		72	
73 Total net assets or fund balances (add lines 67 through 69 or lines 70 through 72, column (A) must equal line 19, column (B) must equal line 21)	114,688	73	172,869	
74 Total liabilities and net assets / fund balances Add lines 66 and 73	372,830	74	413,213	

Part IV-A Reconciliation of Revenue per Audited Financial Statements With Revenue per Return (See the instructions.)

a	Total revenue, gains, and other support per audited financial statements		a	
b	Amounts included on line a but not on line 12			
1	Net unrealized gains on investments	b1		
2	Donated services and use of facilities	b2		
3	Recoveries of prior year grants	b3		
4	Other (specify) _____	b4		
	Add lines b1 through b4		b	
c	Subtract line b from line a		c	
d	Amounts included on line 12, but not on line a			
1	Investment expenses not included on line 6b	d1		
2	Other (specify) _____	d2		
	Add lines d1 and d2		d	
e	Total revenue (line 12) Add lines c and d		e	

Part IV-B Reconciliation of Expenses per Audited Financial Statements With Expenses per Return

a	Total expenses and losses per audited financial statements		a	
b	Amounts included on line a but not on line 17			
1	Donated services and use of facilities	b1		
2	Prior year adjustments reported on line 20	b2		
3	Losses reported on line 20	b3		
4	Other (specify) _____	b4		
	Add lines b1 through b4		b	
c	Subtract line b from line a		c	
d	Amounts included on line 17, but not on line a :			
1	Investment expenses not included on line 6b	d1		
2	Other (specify) _____	d2		
	Add lines d1 and d2		d	
e	Total expenses (line 17) Add lines c and d		e	

Part V-A Current Officers, Directors, Trustees, and Key Employees (List each person who was an officer, director, trustee, or key employee at any time during the year even if they were not compensated.) (See the instructions.)

(A) Name and address	(B) Title and average hours per week devoted to position	(C) Compensation (If not paid, enter -0-.)	(D) Contributions to employee benefit plans & deferred compensation plans	(E) Expense account and other allowances
See Additional Data Table				

Part VI Other Information (continued)

	Yes	No
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82a Did the organization receive donated services or the use of materials, equipment, or facilities at no charge or at substantially less than fair rental value?	82a	Yes	
b If "Yes," you may indicate the value of these items here. Do not include this amount as revenue in Part I or as an expense in Part II. (See instructions in Part III)	82b		
83a Did the organization comply with the public inspection requirements for returns and exemption applications?	83a	Yes	
b Did the organization comply with the disclosure requirements relating to quid pro quo contributions?	83b	Yes	
84a Did the organization solicit any contributions or gifts that were not tax deductible?	84a		No
b If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	84b		
85 501(c)(4), (5), or (6) organizations. a Were substantially all dues nondeductible by members?	85a		
b Did the organization make only in-house lobbying expenditures of \$2,000 or less? If "Yes," was answered to either 85a or 85b, do not complete 85c through 85h below unless the organization received a waiver for proxy tax owed the prior year	85b		
c Dues assessments, and similar amounts from members	85c		
d Section 162(e) lobbying and political expenditures	85d		
e Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices	85e		
f Taxable amount of lobbying and political expenditures (line 85d less 85e)	85f		
g Does the organization elect to pay the section 6033(e) tax on the amount on line 85f?	85g		
h If section 6033(e)(1)(A) dues notices were sent, does the organization agree to add the amount on line 85f to its reasonable estimate of dues allocable to nondeductible lobbying and political expenditures for the following tax year?	85h		
86 501(c)(7) orgs. Enter a Initiation fees and capital contributions included on line 12	86a		
b Gross receipts, included on line 12, for public use of club facilities	86b		
87 501(c)(12) orgs. Enter a Gross income from members or shareholders	87a		
b Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	87b		
88 At any time during the year, did the organization own a 50% or greater interest in a taxable corporation or partnership, or an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If "Yes," complete Part IX	88		No
89a 501(c)(3) organizations Enter Amount of tax imposed on the organization during the year under section 4911 _____, section 4912 _____, section 4955 _____			
b 501(c)(3) and 501(c)(4) orgs. Did the organization engage in any section 4958 excess benefit transaction during the year or did it become aware of an excess benefit transaction from a prior year? If "Yes," attach a statement explaining each transaction	89b		No
c Enter Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958			
d Enter Amount of tax on line 89c, above, reimbursed by the organization			
90a List the states with which a copy of this return is filed			
b Number of employees employed in the pay period that includes March 12, 2005 (See instructions)	90b		1
91a The books are in care of <u>CHERYL PRIMM</u> Telephone no <u>(713) 861-7408</u> <u>311 W 18TH STREET</u> Located at <u>HOUSTON, TX</u> ZIP + 4 <u>77008</u>			
b At any time during the calendar year, did the organization have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	91b	Yes	No
If "Yes," enter the name of the foreign country _____ See the instructions for exceptions and filing requirements for Form TD F 90-22.1 , Report of Foreign Bank and Financial Accounts			
c At any time during the calendar year, did the organization maintain an office outside of the United States?	91c		No
If "Yes," enter the name of the foreign country _____			
92 Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of Form 1041 —Check here _____ and enter the amount of tax-exempt interest received or accrued during the tax year _____	92		

Part VII Analysis of Income-Producing Activities (See the instructions.)

Note: Enter gross amounts unless otherwise indicated.

	Unrelated business income		Excluded by section 512, 513, or 514		(E) Related or exempt function income
	(A) Business code	(B) Amount	(C) Exclusion code	(D) Amount	
93 Program service revenue					
a Production Admission			06	31,911	
b Tuition					174,963
c					
d					
e					
f Medicare/Medicaid payments					
g Fees and contracts from government agencies					
94 Membership dues and assessments					
95 Interest on savings and temporary cash investments					
96 Dividends and interest from securities					
97 Net rental income or (loss) from real estate					
a debt-financed property					
b non debt-financed property					
98 Net rental income or (loss) from personal property					
99 Other investment income					
100 Gain or (loss) from sales of assets other than inventory					
101 Net income or (loss) from special events					
102 Gross profit or (loss) from sales of inventory					
103 Other revenue a _____					
b _____					
c _____					
d _____					
e _____					
104 Subtotal (add columns (B), (D), and (E))				31,911	174,963
105 Total (add line 104, columns (B), (D), and (E))					206,874

Note: Line 105 plus line 1d, Part I, should equal the amount on line 12, Part I.

Part VIII Relationship of Activities to the Accomplishment of Exempt Purposes (See the instructions.)

Line No.	Explain how each activity for which income is reported in column (E) of Part VII contributed importantly to the accomplishment of the organization's exempt purposes (other than by providing funds for such purposes)
93	THE ACTIVITIES INCLUDED CLASSES IN MUSICAL THEATRE FOR CHILDREN AGES 6 TO 18 & THEATRICAL PRODUCTIONS CLASSES & PRODUCTIONS ARE IMPORTANT TO ADVANCING THE MISSION & EXEMPT PURPOSES OF THE ORGANIZATION THROUGH DEVELOPMENT OF A PROFESSIONAL-LEVEL THEATRE COMPANY & TRAINING SCHOOL FOR CHILDREN, & ENRICHMENT OF THE LIVES & DEVELOPMENT OF THE TALENTS OF ALL WHO PARTICIPATE

Part IX Information Regarding Taxable Subsidiaries and Disregarded Entities (See the instructions.)

(A) Name, address, and EIN of corporation, partnership, or disregarded entity	(B) Percentage of ownership interest	(C) Nature of activities	(D) Total income	(E) End-of-year assets
	%			
	%			
	%			
	%			

Part X Information Regarding Transfers Associated with Personal Benefit Contracts (See the instructions.)

- (a) Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? Yes No
- (b) Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? Yes No

NOTE: If "Yes" to (b), file Form 8870 and Form 4720 (see instructions).

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Please Sign Here

Signature of officer

2006-12-13
Date

FRED SHEPPARD EXECUTIVE DIRECTOR
Type or print name and title

Paid Preparer's Use Only

Preparer's signature

Firm's name (or yours if self-employed), address, and ZIP + 4
ZIENTEK & CO PC
2465 SOUTH KIRKWOOD
HOUSTON, TX 770776609

Date

Check if self-employed

Preparer's SSN or PTIN (See Gen Inst W)

EIN

Phone no (281) 496-6152

**SCHEDULE A
(Form 990 or
990EZ)**

Organization Exempt Under Section 501(c)(3)

(Except Private Foundation) and Section 501(e), 501(f), 501(k),
501(n), or 4947(a)(1) Nonexempt Charitable Trust

Supplementary Information—(See separate instructions.)

MUST be completed by the above organizations and attached to their Form 990 or 990-EZ

OMB No 1545-0047

2005

Department of the
Treasury
Internal Revenue
Service

Name of the organization
HITS Theatre

Employer identification number

74-2118224

Part I Compensation of the Five Highest Paid Employees Other Than Officers, Directors, and Trustees
(See page 1 of the instructions. List each one. If there are none, enter "None.")

(a) Name and address of each employee paid more than \$50,000	(b) Title and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans & deferred compensation	(e) Expense account and other allowances
None				
Total number of other employees paid over \$50,000				

Part II-A Compensation of the Five Highest Paid Independent Contractors for Professional Services
(See page 2 of the instructions. List each one (whether individual or firms). If there are none, enter "None.")

(a) Name and address of each independent contractor paid more than \$50,000	(b) Type of service	(c) Compensation
None		
Total number of others receiving over \$50,000 for professional services		

Part II-B Compensation of the Five Highest Paid Independent Contractors for Other Services
(List each contractor who performed services other than professional services, whether individual or firms. If there are none, enter "None". See page X for instructions.)

(a) Name and address of each independent contractor paid more than \$50,000	(b) Type of service	(c) Compensation
None		
Total number of other contractors receiving over \$50,000 for other services		

Part III Statements About Activities (See page 2 of the instructions.)

Yes No

1	During the year, has the organization attempted to influence national, state, or local legislation, include any attempt to influence public opinion on a legislative matter or referendum? If "Yes," enter the total expenses paid or incurred in connection with the lobbying activities ►\$ _____ (Must equal amounts on line 38, Part VI-A, or line 1 of Part VI-B) Organizations that made an election under section 501(h) by filing Form 5768 must complete Part VI-A Other organizations checking "Yes" must complete Part VI-B AND attach a statement giving a detailed description of the lobbying activities			
2	During the year, has the organization, either directly or indirectly, engaged in any of the following acts with any substantial contributors, trustees, directors, officers, creators, key employees, or members of their families, or with any taxable organization with which any such person is affiliated as an officer, director, trustee, majority owner, or principal beneficiary? (If the answer to any question is "Yes," attach a detailed statement explaining the transactions.)			
a	Sale, exchange, or leasing property?	2a		No
b	Lending of money or other extension of credit?	2b		No
c	Furnishing of goods, services, or facilities?	2c		No
d	Payment of compensation (or payment or reimbursement of expenses if more than \$1,000)?	2d	Yes	
e	Transfer of any part of its income or assets?	2e		No
3a	Do you make grants for scholarships, fellowships, student loans, etc? (If "Yes," attach an explanation of how you determine that recipients qualify to receive payments)	3a	Yes	
b	Do you have a section 403(b) annuity plan for your employees?	3b		No
c	During the year, did the organization receive a contribution of qualified real property interest under section 170(h)?	3c		No
4a	Did you maintain any separate account for participating donors where donors have the right to provide advice on the use or distribution of funds?	4a		No
b	Do you provide credit counseling, debt management, credit repair, or debt negotiation services?	4b		No

Part IV Reason for Non-Private Foundation Status (See pages 3 through 6 of the instructions.)The organization is not a private foundation because it is (Please check only **ONE** applicable box.)

- 5** A church, convention of churches, or association of churches Section 170(b)(1)(A)(i)
- 6** A school Section 170(b)(1)(A)(ii) (Also complete Part V)
- 7** A hospital or a cooperative hospital service organization Section 170(b)(1)(A)(iii)
- 8** A Federal, state, or local government or governmental unit Section 170(b)(1)(A)(v)
- 9** A medical research organization operated in conjunction with a hospital Section 170(b)(1)(A)(iii) **Enter the hospital's name, city, and state ►** _____
- 10** An organization operated for the benefit of a college or university owned or operated by a governmental unit Section 170(b)(1)(A)(iv) (Also complete the **Support Schedule** in Part IV-A)
- 11a** An organization that normally receives a substantial part of its support from a governmental unit or from the general public Section 170(b)(1)(A)(vi) (Also complete the **Support Schedule** in Part IV-A)
- 11b** A community trust Section 170(b)(1)(A)(vi) (Also complete the **Support Schedule** in Part IV-A)
- 12** An organization that normally receives **(1) more than 33 1/3%** of its support from contributions, membership fees, and gross receipts from activities related to its charitable, etc., functions—subject to certain exceptions, and **(2) no more than 33 1/3%** of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See section 509(a)(2) (Also complete the **Support Schedule** in Part IV-A)
- 13** An organization that is not controlled by any disqualified persons (other than foundation managers) and supports organizations described in **(1)** lines 5 through 12 above, or **(2)** sections 501(c)(4), (5), or (6), if they meet the test of section 509(a)(2) Check the box that describes the type of supporting organization Type 1 Type 2 Type 3

Provide the following information about the supported organizations (see page 5 of the instructions.)

(a) Name(s) of supported organization(s)	(b) Line number from above

- 14** An organization organized and operated to test for public safety Section 509(a)(4) (See page 5 of the instructions.)

Part IV-A Support Schedule (Complete only if you checked a box on line 10, 11, or 12) **Use cash method of accounting.****Note:** You may use the worksheet in the instructions for converting from the accrual to the cash method of accounting.

Calendar year (or fiscal year beginning in)	(a) 2004	(b) 2003	(c) 2002	(d) 2001	(e) Total
15 Gifts, grants, and contributions received (Do not include unusual grants See line 28)					
16 Membership fees received					
17 Gross receipts from admissions, merchandise sold or services performed, or furnishing of facilities in any activity that is related to the organization's charitable, etc , purpose					
18 Gross income from interest, dividends, amounts received from payments on securities loans (section 512(a)(5)), rents, royalties, and unrelated business taxable income (less section 511 taxes) from businesses acquired by the organization after June 30, 1975					
19 Net income from unrelated business activities not included in line 18					
20 Tax revenues levied for the organization's benefit and either paid to it or expended on its behalf					
21 The value of services or facilities furnished to the organization by a governmental unit without charge Do not include the value of services or facilities generally furnished to the public without charge					
22 Other income Attach a schedule Do not include gain or (loss) from sale of capital assets					
23 Total of lines 15 through 22					
24 Line 23 minus line 17					
25 Enter 1% of line 23					
26 Organizations described on lines 10 or 11:	a Enter 2% of amount in column (e), line 24				26a
b Prepare a list for your records to show the name of and amount contributed by each person (other than a governmental unit or publicly supported organization) whose total gifts for 2001 through 2004 exceeded the amount shown in line 26a Do not file this list with your return. Enter the total of all these excess amounts					26b 0
c Total support for section 509(a)(1) test Enter line 24, column (e)					26c
d Add Amounts from column (e) for lines 18 _____ 19 _____ 22 _____ 26b _____					26d
e Public support (line 26c minus line 26d total)					26e
f Public support percentage (line 26e (numerator) divided by line 26c (denominator))					26f
27 Organizations described on line 12:	a For amounts included in lines 15, 16, and 17 that were received from a "disqualified person," prepare a list for your records to show the name of, and total amounts received in each year from, each "disqualified person " Do not file this list with your return. Enter the sum of such amounts for each year (2004) _____ (2003) _____ (2002) _____ (2001) _____				
b For any amount included in line 17 that was received from each person (other than "disqualified persons"), prepare a list for your records to show the name of, and amount received for each year, that was more than the larger of (1) the amount on line 25 for the year or (2) \$5,000 (Include in the list organizations described in lines 5 through 11, as well as individuals) Do not file this list with your return. After computing the difference between the amount received and the larger amount described in (1) or (2) , enter the sum of these differences (the excess amounts) for each year (2004) _____ (2003) _____ (2002) _____ (2001) _____					
c Add Amounts from column (e) for lines 15 _____ 16 _____ 17 _____ 20 _____ 21 _____					27c
d Add Line 27a total _____ and line 27b total _____					27d
e Public support (line 27c total minus line 27d total)					27e
f Total support for section 509(a)(2) test Enter amount from line 23, column (e)					27f
g Public support percentage (line 27e (numerator) divided by line 27f (denominator))					27g
h Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator))					27h
28 Unusual Grants: For an organization described in line 10, 11, or 12 that received any unusual grants during 2001 through 2004, prepare a list for your records to show, for each year, the name of the contributor, the date and amount of the grant, and a brief description of the nature of the grant Do not file this list with your return. Do not include these grants in line 15					

Part V Private School Questionnaire (See page 7 of the instructions.)
(To be completed ONLY by schools that checked the box on line 6 in Part IV)

	Yes	No
29 Does the organization have a racially nondiscriminatory policy toward students by statement in its charter, bylaws, other governing instrument, or in a resolution of its governing body?	29 Yes	
30 Does the organization include a statement of its racially nondiscriminatory policy toward students in all its brochures, catalogues, and other written communications with the public dealing with student admissions, programs, and scholarships?	30 Yes	
31 Has the organization publicized its racially nondiscriminatory policy through newspaper or broadcast media during the period of solicitation for students, or during the registration period if it has no solicitation program, in a way that makes the policy known to all parts of the general community it serves? If "Yes," please describe, if "No," please explain (If you need more space, attach a separate statement) THE SCHOOL ROUTINELY PUBLISHES ITS NONDISCRIMINATORY POLICY ON THE INTERNET IN ITS WEB PAGE	31 Yes	
32 Does the organization maintain the following		
a Records indicating the racial composition of the student body, faculty, and administrative staff?	32a Yes	
b Records documenting that scholarships and other financial assistance are awarded on racially nondiscriminatory basis?	32b Yes	
c Copies of all catalogues, brochures, announcements, and other written communications to the public dealing with student admissions, programs, and scholarships?	32c Yes	
d Copies of all material used by the organization or on its behalf to solicit contributions?	32d Yes	
If you answered "No" to any of the above, please explain (If you need more space, attach a separate statement) _____ _____		
33 Does the organization discriminate by race in any way with respect to		
a Students' rights or privileges?	33a	No
b Admissions policies?	33b	No
c Employment of faculty or administrative staff?	33c	No
d Scholarships or other financial assistance?	33d	No
e Educational policies?	33e	No
f Use of facilities?	33f	No
g Athletic programs?	33g	No
h Other extracurricular activities?	33h	No
If you answered "Yes" to any of the above, please explain (If you need more space, attach a separate statement) _____ _____		
34a Does the organization receive any financial aid or assistance from a governmental agency?	34a	No
b Has the organization's right to such aid ever been revoked or suspended? If you answered "Yes" to either 34a or b, please explain using an attached statement	34b	No
35 Does the organization certify that it has complied with the applicable requirements of sections 4 01 through 4 05 of Rev Proc 75-50, 1975-2 C B 587, covering racial nondiscrimination? If "No," attach an explanation	35 Yes	

Part VI-A Lobbying Expenditures by Electing Public Charities (See page 9 of the instructions.)
(To be completed ONLY by an eligible organization that filed Form 5768)

Check **a** if the organization belongs to an affiliated group Check **b** if you checked "a" and "limited control" provisions apply

Limits on Lobbying Expenditures

(The term "expenditures" means amounts paid or incurred)

(a)
Affiliated group
totals

(b)
To be completed
for ALL electing
organizations

36 Total lobbying expenditures to influence public opinion (grassroots lobbying)	36	
37 Total lobbying expenditures to influence a legislative body (direct lobbying)	37	
38 Total lobbying expenditures (add lines 36 and 37)	38	
39 Other exempt purpose expenditures	39	
40 Total exempt purpose expenditures (add lines 38 and 39)	40	
41 Lobbying nontaxable amount Enter the amount from the following table— If the amount on line 40 is— The lobbying nontaxable amount is— Not over \$500,000 20% of the amount on line 40 Over \$500,000 but not over \$1,000,000 \$100,000 plus 15% of the excess over \$500,000 Over \$1,000,000 but not over \$1,500,000 \$175,000 plus 10% of the excess over \$1,000,000 Over \$1,500,000 but not over \$17,000,000 \$225,000 plus 5% of the excess over \$1,500,000 Over \$17,000,000 \$1,000,000	41	
42 Grassroots nontaxable amount (enter 25% of line 41)	42	
43 Subtract line 42 from line 36 Enter -0- if line 42 is more than line 36	43	
44 Subtract line 41 from line 38 Enter -0- if line 41 is more than line 38	44	

Caution: If there is an amount on either line 43 or line 44, you must file Form 4720.

4-Year Averaging Period Under Section 501(h)

(Some organizations that made a section 501(h) election do not have to complete all of the five columns below
 See the instructions for lines 45 through 50 on page 11 of the instructions)

Lobbying Expenditures During 4-Year Averaging Period

Calendar year (or fiscal year beginning in) ▶	Lobbying Expenditures During 4-Year Averaging Period				
	(a) 2005	(b) 2004	(c) 2003	(d) 2002	(e) Total
45 Lobbying nontaxable amount					
46 Lobbying ceiling amount (150% of line 45(e))					
47 Total lobbying expenditures					
48 Grassroots nontaxable amount					
49 Grassroots ceiling amount (150% of line 48(e))					
50 Grassroots lobbying expenditures					

Part VI-B Lobbying Activity by Nonelecting Public Charities

(For reporting only by organizations that did not complete Part VI-A) (See page 11 of the instructions.)

During the year, did the organization attempt to influence national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of

- a** Volunteers
- b** Paid staff or management (Include compensation in expenses reported on lines **c** through **h**.)
- c** Media advertisements
- d** Mailings to members, legislators, or the public
- e** Publications, or published or broadcast statements
- f** Grants to other organizations for lobbying purposes
- g** Direct contact with legislators, their staffs, government officials, or a legislative body
- h** Rallies, demonstrations, seminars, conventions, speeches, lectures, or any other means
- i** Total lobbying expenditures (Add lines **c** through **h**.)

Yes	No	Amount
	No	
	No	

If "Yes" to any of the above, also attach a statement giving a detailed description of the lobbying activities

TY 2005 Depreciation and Depletion Schedule**Name:** HITS Theatre**EIN:** 74-2118224

Asset	Amount
CD-RW BURNERS	6
COMPUTER PARTS	3
ORGANIZERS	9
RAM - NEW IMACS	8
INSIDE UNIT P & M HEATING	99
COMPUTERS	206
CD BURNER	28
PHONE EQUIPMENT	39
COMPUTER DESK	29
PRINTER	49
SHELVES	32
REFRIGERATORS	31
CABINET TYPEWRITER	29
SWEING MACHINE	58
COMPUTER	160
COMPUTER	440
PIANO	1,000
SOFTWARE	1,251
POWER MAX 503-6241827	273
BUILDING IMPROVEMENTS	3,210
COMPUTER	186
LASER PRINTER	53
MINI APPLE COMPUTER	22
PHONE EQUIPMENT	114

TY 2005 Land etc. Schedule**Name:** HITS Theatre**EIN:** 74-2118224

Category/Item	Cost/Other Basis	Accumulated Depreciation	Book Value
BUILDING - PROGRAM SERVICES	229,899	229,349	550
BUILDING IMPROVEMENTS - OTHER BUILDING	26,789	21,856	4,933
IMPROVEMENTS	7,429	7,429	0
PROPERTY AND EQUIPMENT	39,097	39,097	0
LAND	44,440		44,440
BUILDING - MANAGEMENT AND GENERAL	12,100	12,100	0
NEW WATER FOUNTAIN	724	724	0
GARAGE DOOR	750	750	0
COMPUTER EQUIPMENT	639	639	0
SOFTWARE	235	216	19
COMPUTER NETWORK	205	188	17
COMPUTER DESK	254	238	16
SOFTWARE	85	80	5
COMPUTER DESK PIECE	98	95	3
MAC OS 85	151	143	8
UTILITY SOFTWARE	331	320	11
DVD DRIVE & SOFTWARE	963	948	15
LASER PRINTER	1,850	1,820	30
CLOTHES RACKS	119	119	0
COMPUTER EQUIPMENT	65	65	0
TVVCR	164	164	0
NEW HARD DRIVE	270	266	4
AC UNIT IN BACK	2,700	2,700	0
SOFTWAREHARDWARE	1,003	1,003	0
CABLES	28	28	0
PROCESSOR UPGRADE	351	350	1
RAM- STUDIO COMPUTER	358	358	0
CD-RW BURNERS	394	394	0
COMPUTER PARTS	47	47	0
ORGANIZERS	279	279	0
RAM - NEW IMACS	274	274	0
INSIDE UNIT P & M HEATING	2,003	2,003	0
COMPUTERS	3,072	3,072	0
CD BURNER	411	411	0
PHONE EQUIPMENT	580	580	0
COMPUTER DESK	417	417	0
PRINTER	499	499	0
SHELVES	257	257	0
REFRIGERATORS	270	270	0
CABINET TYPEWRITER	259	259	0
SWEING MACHINE	700	700	0
IMPROVEMENTS	638	638	0
PARMER EXP RPT	146	146	0
COMPUTER	5,269	5,269	0
AIR CONDITIONING UNIT	1,748	1,748	0
COMPUTER SOFTWARE	314	314	0
THEATRE SEATS	225	225	0
MUSIC SOFTWARE	284	280	4
COMPUTER - POWERMAC & MO	1,783	1,755	28
PHONE EQUIPMENT	169	169	0
SOFTWARE	95	95	0
PRINTER	170	170	0
OFFICE CHAIR	182	178	4
MUSIC EQUIPMENT	2,416	2,375	41
MUSIC EQUIPMENT	407	399	8
INSTALLATION	66	66	0
COMPUTER	800	747	53
COMPUTER	2,200	1,870	330
PIANO	5,000	4,755	245
SOFTWARE	6,256	5,949	307
POWER MAX 503-6241827	1,363	1,092	271
BUILDING IMPROVEMENTS	120,299	3,210	117,089
COMPUTER	1,597	186	1,411
LASER PRINTER	458	53	405
MINI APPLE COMPUTER	449	22	427
PHONE EQUIPMENT	975	114	861

TY 2005 Loans from Officers Schedule

Name: HITS Theatre

EIN: 74-2118224

TY 2005 Officer Compensation Schedule

Name: HITS Theatre

EIN: 74-2118224

CAROLYN FRANKLIN

	Compensation	EE Benefit Plans	Expense Acct
Program Services	25,650		
Mgmt & General	21,850		
Fundraising			

TY 2005 Relationship Schedule

Name: HITS Theatre

EIN: 74-2118224

Person Name / Business Name	Title or Role	Person Name 2 / Business Name 2	Title or Role 2	Relationship
GREG ROBERTSON	DIRECTOR	KATE ROBERTSON	DIRECTOR	HUSBAND AND WIFE

TY 2005 Scholarship Award Statement

Name: HITS Theatre

EIN: 74-2118224

Statement: RECEIPIENTS ARE DETERMINED BASED ON FINANCIAL NEED AND TALENT.

Additional Data

Software ID:

Software Version:

EIN: 74-2118224

Name: HITS Theatre

Form 990, Part II, Line 43 - Other expenses not covered above (itemize):

<i>Do not include amounts reported on line 6b, 8b, 9b, 10b, or 16 of Part I.</i>		(A) Total	(B) Program services	(C) Management and general	(D) Fundraising
a PROUDCTION	43a	102,715	102,715		
b FUNDRAISING	43b	3,985			3,985
c ADVERTISING	43c	991	813	178	
d INSURANCE	43d	14,640	12,005	2,635	
e BAD DEBT	43e	610	610		
f OTHER OPERATING	43f	9,070	7,437	1,633	
g MISCELLANEOUS	43g	3,310	2,714	596	
h CREDIT CARD	43h	4,989		4,989	
i BANK FEES	43i	513		513	
j COMPUTER EXPENSE	43j	1,003	822	181	
k STORAGE RENTAL	43k	12,135	9,951	2,184	
l CONTRACT LABOAR	43l	33,422	25,451	7,971	

Form 990, Part V-A - Current Officers, Directors, Trustees, and Key Employees:

(A) Name and address	(B) Title and average hours per week devoted to position	(C) Compensation (If not paid, enter -0-.)	(D) Contributions to employee benefit plans & deferred compensation plans	(E) Expense account and other allowances
DOUGLAS MONROE 2313 MORSE HOUSTON, TX 77019	DIRECTOR 3 00	0	0	0
BETH PROCTOR 3666 OVERBROOK LANE HOUSTON, TX 77027	VP EVENTS 2 00	0	0	0
JERRE WILLIAMS 11719 CHERRY KNOLL HOUSTON, TX 77077	VP DEVELOPMENT 1 00	0	0	0
CAROLYN FRANKLIN 311 WEST 18TH STREET HOUSTON, TX 77008	EXECUTIVE DIRECTOR 40 00	47,500	0	0
JOSHUA SAMUELS 6624 MERCER HOUSTON, TX 77005	DIRECTOR 3 00	0	0	0
LESLIE ROGERS 11 STONEGATE HOUSTON, TX 77024	PRESIDENT 3 00	0	0	0
DEBORAH STAVIS 3742 CHEVY CHASE HOUSTON, TX 77019	DIRECTOR 1 00	0	0	0
STEPHEN MILLS 914 WEST 25TH ST 9 HOUSTON, TX 77008	DIRECTOR 1 00	0	0	0
GREG ROBERTSON 3119 HERITAGE CREEK TERRACE HOUSTON, TX 77008	DIRECTOR 1 00	0	0	0
KATE ROBERTSON 3119 HERITAGE CREEK TERRACE HOUSTON, TX 77008	SECRETARY 3 00	0	0	0

Form 990, Part V-A - Current Officers, Directors, Trustees, and Key Employees:

(A) Name and address	(B) Title and average hours per week devoted to position	(C) Compensation (If not paid, enter -0-.)	(D) Contributions to employee benefit plans & deferred compensation plans	(E) Expense account and other allowances
MARC SHELLUM 909 TEXAS AVENUE 617 HOUSTON, TX 77002	DIRECTOR 1 00	0	0	0
STEVE BUSBY 23131 LODGEPOINT DRIVE KATY, TX 77494	DIRECTOR 2 00	0	0	0
CAROL SWANSON 3809 ROSEDALE HOUSTON, TX 77004	DIRECTOR 1 00	0	0	0
KATHLEEN POWELL 1224 COLUMBIA HOUSTON, TX 77008	DIRECTOR 1 00	0	0	0
KENNETH CULOTTA 1303 CORTLANDT HOUSTON, TX 77008	DIRECTOR 1 00	0	0	0
CAROL SUGIMOTO 4518 BEECH ST BELLAIRE, TX 77401	TREASURER 2 00	0	0	0